

Review of the Rate for Local Government Matching of Federal Airport Improvement Program Grants

Problem Statement:

There are insufficient funds available for essential State Acquisition and Development projects.

AERONAUTICS FUNDING

Revenue	\$7,859,000
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Estimated Expenditures (Revenue and Taxation Code 8352.3)

Division Support	\$3,072,000
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Annual Credit Grants	\$1,490,000
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FAA AIP Matching Grants	\$3,200,000
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Acquisition & Development (A&D) Grants	\$97,000
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Total Revenue	\$7,859,000
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Total Expenditures	\$7,859,000
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General Aviation and Reliever Airports are eligible for A&D funds.

Statutory Authority

- Public Utilities Code 21683.1 (a) states, in part, “At the **discretion** of the commission, any balance remaining in the Aeronautics Account, after the payments made under Section 21682, **may** be used to provide a portion of the local match for federal Airport Improvement Program grants...Upon allocation by the commission, the department **may** pay a public entity an amount equal to 5 percent of the amount of a federal Airport Improvement Program grant.”

Lack of Funding for A&D at Current Match Rate

Program Total: \$6,752,950

Less Current Funding: \$97,000


Funding Needed: \$6,655,950

Safety-Only A&D Allocations Made by the CTC Over the Past Four Years

FY 02/03	\$420,000 (2 projects)
FY 03/04	\$1,069,000 (4 projects)
FY 04/05	\$145,300 (4 projects)
FY 05/06	\$0 (0 projects)

Need to Provide a More Equitable Distribution of State Funds between AIP Matching and A&D Projects.

A decrease in the AIP Match Rate provides essential funding for A&D Projects.



AIP Matching Rate Comparison

State Match Rate	5%	4%	3%	2.5%	2%	1%
State Match	\$7,500	\$6,000	\$4,500	\$3,750	\$3,000	\$1,500
Local Share	\$395	\$1,895	\$3,395	\$4,145	\$4,895	\$6,395
% Local Share	0.25%	0.95%	1.90%	2.63%	2.85%	3.80%
A&D Grant Funding	\$97,000	\$600,000	\$1,200,000	\$1,500,000	\$1,800,000	\$2,400,000

Assumption of matching \$60,000,000.

Proposed Solution

Reducing AIP Match Rate to 2.5% will provide about \$1,500,000 that can be re-directed to fund A&D Projects.

Benefits of Reducing the State Match

- With the FAA writing bid-based grants, the State will be able to provide the State match for more airports.
- Begin funding A&D safety projects, ALUCPs, and the pending projects list.

FAA Regulations

- In the FAA assurances for Airport Sponsors, Section C (3) states:

3. Sponsor Fund Availability. It has sufficient funds available for that portion of the project costs which are **not to be paid by the United States.** It has sufficient funds available to assure operation and maintenance of items funded under the grant agreement which it will own or control.

What if FAA or A&D funding levels change?

Propose that the CTC review the AIP Match rate annually based upon FAA level of funding and A&D project needs.

